

City of Durham

Policy and Procedures for Disposing of Surplus Real Estate to Qualifying Non-Profit Organizations for Affordable Housing

Introduction

The City of Durham (hereinafter referred to as the “City”) has established the following policy and procedures (hereinafter referred to collectively as the “Policy”) for the sale and purchase of City-owned surplus real estate and its subsequent conversion into affordable housing. The following are our objectives which are consistent with City Council’s mandate for the 2006/2007 fiscal year and beyond that every citizen in Durham should have access to adequate, safe and affordable housing:

- To increase the supply of affordable housing, particularly for homeownership.
- To strengthen neighborhoods by increasing the rate of homeownership.
- To return publicly-owned properties to the tax base.
- To relieve City departments from on-going maintenance and upkeep responsibilities.

This Policy provides an on-going mechanism for eligible developers (also referred to as “non-profit organizations” or “applicants”) to acquire surplus real estate as it becomes available to the City through a variety of ways. The disposition of all properties under this policy will be in accordance with North Carolina General Statutes 160A-267 and 160A-279, and most properties will be made available at a nominal cost depending on income targeting and affordability and any embedded City costs associated with a given property.

The official listing of surplus real estate is maintained by the General Services Department, Real Estate Division. The Department is located at 2011 Fay Street, and the contact number is (919) 560-4197. Real estate available for sale under this Policy is usually located throughout the City and is a mixture of vacant, unimproved lots and vacant residential units. It is the sole responsibility of the interested developer to examine and research any given parcel relative to permitted uses, setback requirements, easements or other development restrictions or parcel conditions, as outlined in the City/County Unified Development Ordinance (UDO). All properties are offered “as is” with no guarantee of condition, suitability or marketability.

The City Council reserves the right to reject any and all proposals without explanation at any time. The City Council gives the Administration implementing this Policy the discretion to determine which properties are suitable for disposition under this Policy, and which may be held by the City and disposed of through other means. Consideration of a proposal under this Policy does not obligate the City to dispose of any particular parcels under this Policy.

1. Eligibility Requirements

Eligible applicants who may purchase surplus real estate are 501 (c) (3) non-profit organizations with demonstrated capacity in the production of affordable housing. For purposes of this Policy, “demonstrated capacity” is defined to mean that applicants must have successfully created not less than five affordable housing units within the past five years by way of new construction or acquisition/substantial rehabilitation, i.e., a rehabilitation cost in excess of \$25,000 per unit or an applicant is able to show comparable capacity through association with an experienced development consultant or through a partnership with a non-profit organization having demonstrated capacity.

2. Affordability and Occupancy Requirements

All real estate sold pursuant to this Policy must be developed and/or rehabilitated into affordable housing and must be occupied by persons with incomes at or below 80% of the area median income. All such property must remain affordable for a period of 15 years in accordance with covenants in the deed of title from the City to the developer, with the period of affordability beginning on the date the Certificate of Occupancy (hereinafter referred to as the “CO”) is issued.

Preference will be given to proposals to produce housing for owner-occupancy and other factors. Proposals to produce affordable rental housing will be evaluated on a case-by-case basis with consideration given to the experience and track record of the property manager, affordability and income targeting, intended occupancy by persons with special housing needs, and other factors.

3. Design Goals and Guidelines

In new construction, building forms must be compatible with the existing residential character of the neighborhood and must reflect and reference the local vernacular architecture. The use of durable and low maintenance building materials is required, as are energy-efficient

construction methods, materials and systems. All newly constructed residential units must comply with HUD's Energy Star Standards and with the Department's Design Guidelines for Single Family Residential Development.

4. Reversion and Numerical Limits

Developers who acquire a given property under this Policy must obtain a building permit within 12 months and obtain a Certificate of Occupancy (CO) within 24 months of acquisition. Failure by the developer to comply with these deadlines may result in recovery of ownership by the City in accordance with restrictive covenants in the deed conveying ownership from the City to the developer.

No single developer may have at any given point in time more than three surplus properties without a certificate of occupancy and actual occupancy by an eligible household. As homes are completed and occupied by eligible households, developers may acquire additional surplus real estate.

5. Submission Requirements

Developers must submit three copies of the proposal. A proposal may be submitted for up to three surplus real properties at one time. For each proposal, the developer must submit the information specified below to the Department of Community Development. If the proposal is hand delivered, it must be taken to the Department of Community Development, 807 E. Main Street, Building 2, Suite 200, Durham, NC 27701. If the proposal is mailed, the address to be used is City of Durham, Department of Community Development, 101 City Hall Plaza, Durham, NC 27701. Electronic submissions should be directed to Larry.Jarvis@durhamnc.gov.

For each property requested, the developer must submit the information specified below.

Organizational

- a) A copy of the organization's articles of incorporation, bylaws and 501 (c) (3) determination letter.
- b) The names, addresses and telephone numbers of all Board members.
- c) A resolution by the Board approving the request.
- d) A copy of the organization's most recent audit, which shall not be more than two years old.
- e) The name, address, telephone number, fax number and e-mail address (if available) of the representative authorized to act on

behalf of the developer in responding to questions or providing additional information.

Capacity

- a) A listing by address of affordable housing produced within the past five years.
- b) Names, addresses and telephone numbers of consultants or other professionals who will be a part of the development team.
- c) If rental housing is proposed, the name and qualifications of the management agent.

Financial

- a) A complete source and use of funds summary.
- b) Firm commitments for construction and permanent financing, if available.
- c) For homeownership projects, the projected sales price of the unit.
- d) For rental projects, a proforma indicating a debt coverage ratio of not less than 1.15.

Technical (New Construction)

- a) A to-scale plot plan.
- b) Proposed floor plans and elevations.
- c) Appliance package, including disposal, dishwasher, etc.
- d) HVAC system, including energy ratings.
- e) A description of energy efficiency features and/or ratings.
- f) The proposed construction schedule.

Technical (Acquisition and Substantial Rehabilitation)

- a) A complete rehabilitation work write-up with cost estimates by line item.
- b) The name and qualifications of the professional responsible for the preparation of the work write-up.
- c) The proposed construction schedule.

Community Involvement

A brief description of efforts to involve the community, including neighborhood meetings, PAC presentations, etc. Include any letters of support.

6. Evaluation Process

The Department of Community Development (DCD) will review all proposals to verify responsiveness to the minimum requirements as explained in Sections 1 through 5 of this Policy. Incomplete proposals will not be accepted.

DCD will evaluate proposals as they are received. Within 15 days of receiving a complete proposal, the Department will advise the developer of its proposed recommendation to Council on the disposition of the parcel in question and the schedule for submitting that recommendation. Only proposals which meet the above criteria and are recommended by DCD will be taken to Council. Developers who do not agree with staff's determination that a proposal will not be recommended may appeal to Council as a Citizens' Matter on the work session agenda.

7. Competing Proposals

If two or more developers submit proposals for a given parcel, DCD will consider the following scoring factors to help select among competing proposals:

- a) The proposed project is for homeownership (up to 10 points).
- b) The applicant has firm financial commitments for construction financing (up to 10 points).
- c) The applicant proposes the use of superior building materials such as brick, hardiplank, or extended life architectural roofing shingles (up to 10 points).
- d) Energy efficiency features or standards above the minimum requirements specified (up to 10 points).
- e) Documentation verifying quality and timely completion of previous projects (up to 10 points).

Attachment A

Design Guidelines for Single Family Residential Development

All single family new construction using resources administered by the City of Durham's Department of Community Development must comply with the minimum standards listed below:

Units should incorporate the following universal design principles:

- a. Finished opening of interior doors should be no less than 32 inches wide to facilitate wheelchair access.
- b. Finished opening of exterior doors should be no less than 34 inches.
- c. Hallways must be a minimum 36 inches to allow clearance of persons using wheelchairs.
- d. Wall switches should be no more than 48 inches above floor level.
- e. Electrical outlets should be located no less than 18 inches above floor level.
- f. Plywood should be installed on interior walls behind bathtubs to facilitate future installation of grab bars.
- g. Faucets should have lever type handles.

Units should incorporate the following minimum construction standards:

- a. Install ¼" rebar in foundation footings to increase the structural support of the building.
- b. Foundation shall be of crawlspace construction with a minimum of 18 inches clearance in the crawlspace with brick veneer exterior. Construction of elevated slabs will also be accepted with brick veneer exteriors. Moisture levels in crawlspaces, at basements, and under slabs shall be minimized through foundation waterproofing, the effective placement of subsurface drainage systems, gutters and downspouts, and/or grading to direct drainage away from the foundation.
- c. Exterior materials should be selected so as to minimize deterioration and maintenance costs. (e.g. brick veneer, hardi-plank and or high quality vinyl siding and trim).
- d. Minimum roof pitch to be 4/12 and roof shingle to have a minimum 25 year warranty.
- e. Front and rear porches and patios must comprise a minimum of forty square feet of surface to allow for outdoor seating and maneuverability. Covered entries are to be provided. Do not use earth filled porches unless the earth is at least eight inches below untreated wood.

- f. All units should be pre-wired for telephone, cable, security (to include outside motion detector) and internet access. All units are to be certified as Energy Star Homes. The subrecipient must construct all homes using HUD's Energy Star Standards to lower utility bills, improve comfort, increase project value, reduce air pollution and improve the environment. The subrecipient must ensure that all units are inspected by an independent Energy Star Home rater as each unit is completed as part of the certification process.
- g. All units with any combustion appliances (HVAC, water heater, space heater, fireplace, etc.) or attached garages should be equipped with at least one a.c. powered carbon monoxide detector.
- h. Materials should be selected as to minimize levels of volatile organic chemicals in interior living space.

Interior Value Features

- a. The interior design should allow for good traffic flow from room to room.
- b. Hallways should be kept to a minimum.
- c. The smallest bedroom should be at least 10' x 10'
- d. There should be sufficient space for dining room table and chairs.
- e. Bathrooms and bedrooms should be located in close proximity.
- f. Inside closet space should be maximized.
- g. Space should be provided with all necessary hookups for clothes washers and dryers.
- h. Dryer vents should include a backdraft hamper and be extended with metal duct to the exterior of the building.
- i. A minimum of twelve linear feet of solid wood base cabinets and twelve linear feet of solid wood wall cabinets should be installed in kitchens
- j. All water supply lines in unheated spaces should be insulated with ½" (minimum) preformed foam insulation or equivalent insulation material labeled for use on pipes.

Exterior Value Feature

- a. Adequate storage space with outside access should be provided for grounds care and maintenance tools and equipment.
- b. Utilities should be underground.
- c. Paved, off-street parking adequate for two vehicles should be provided.
- d. In developments, exterior design should be varied, unit by unit to provide for a varied landscape.

- e. For in-fill housing units, the exterior design should mirror the existing housing and the existing parking patterns as closely as possible.